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APPENDIX

(Vide item III on page 410 supra.)

COMPOSITION OF THE COMMITTEE ON PUBLIC
ACCOUNTS, 1956-57.

CHAIRMAN :

DR. K. B. MENON.

MEMBERS :

The Hon. Sri C. SUBRAMANIAM (*Minister for Finance*) (*ex-officio*).

Sri A. APPU.

Sri K. P. GOPALAN.

Dr. U. KRISHNA RAO.

Sri K. KUNHI MOHAMMED SHAFEE.

Sri Y. MANJAYYA SHETTY.

Sri N. MOUNAGURUSWAMI NAIDU.

Sri N. K. PALANISWAMI.

Sri C. R. RAMASWAMI.

Sri V. S. SIVAPRAKASAM.

Sri M. P. SUBRAMANIAM.

Sri R. V. SWAMINATHAN.

Sri S. P. THANGAVELU.

Sri K. R. VISWANATHAN.

SECRETARIAT :

Sri T. HANUMANTHAIPA (*Secretary*).

Sri G. M. ALAGARSWAMY (*Assistant Secretary*).

[11th August 1956]

REPORT OF THE COMMITTEE ON PUBLIC ACCOUNTS
ON THE ACCOUNTS OF THE STATE OF MADRAS
FOR THE YEAR 1952-53.

I**INTRODUCTION.**

I, the Chairman of the Committee on Public Accounts, having been authorized by the Committee to submit the Report on its behalf, present this Report on the Appropriation Accounts, 1952-53, and the Audit Report, 1954, and the Finance Accounts for the year 1952-53 of the composite State of Madras.

2. The constitution and functions of the Committee are governed by rules 171 to 175 of the Madras Assembly Rules. The Committee on Public Accounts for the financial year 1955-56 was constituted on 21st March 1955. The same Committee continues to hold office in 1956-57 also, as a new Committee has not been constituted.

II**MEETINGS OF THE COMMITTEE.**

3. The Committee held eleven sittings to consider the Appropriation Accounts for 1952-53 and the Audit Report, 1954, and the Finance Accounts for the year 1952-53. Sri A. Kalyanaraman, Accountant-General, Madras, was present by invitation at all the meetings and the Committee takes this opportunity to place on record its appreciation of the very valuable assistance rendered by him in its deliberations. A record of the proceedings of each meeting of the Committee has been printed separately as Volume II of this Report.

4. The members of the Madhya Bharat Public Accounts Committee, who visited the Madras State in the course of their tour, for studying the working of other State Public Accounts Committees, were present at the deliberations of the Committee on the 16th, 17th and 18th February 1956. They were appreciative of the Committee's method of working, particularly with reference to the Committee's preliminary discussions with the Accountant-General.

III

**ACTION TAKEN BY GOVERNMENT ON THE RECOMMENDATIONS OF THE
COMMITTEE ON PUBLIC ACCOUNTS ON THE ACCOUNTS OF
1951-52.**

5. The report on the action taken by the Government on the recommendations of the Committee on the Accounts of 1951-52 has not yet been received in full by the Committee. The Committee's observations on the report will be published either separately or included in the report on the next Appropriation Accounts taken up for consideration.

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IV

APPROPRIATION ACCOUNTS, 1952-53, AND THE AUDIT REPORT, 1954.

6. The Appropriation Accounts for 1952-53 and the Audit Report, 1954, were laid on the table of the Assembly on the 22nd November 1955.

7. The Committee took up for consideration the accounts for 1952-53 early in 1956. The Appropriation Accounts for 1953-54 (first half) and the Audit Report for 1955 were placed on the table of the House on 3rd March 1956. The Appropriation Accounts and the Audit Reports for the years, 1953-54 (second half) and 1954-55, are likely to come up before the Committee during the current financial year, and the Committee hopes to complete consideration of the two Accounts and the connected Audit Reports, before 31st March 1957.

8. The Committee has been furnished with notes prepared by the departments of the Secretariat, on the matters mentioned in the Appropriation Accounts and the Audit Report, falling under the following heads:—

- (i) Unnecessary or excessive supplementary grants.
- (ii) Re-appropriations obtained unnecessarily or in excess of requirements.
- (iii) Injudicious re-appropriations and surrenders causing excesses over allotments.
- (iv) Cases of non-surrender of savings.
- (v) Unremedied or uncovered excesses of expenditure over final appropriations.
- (vi) Excesses over voted grants and charged appropriations.
- (vii) Financial irregularities, losses, etc.
- (viii) Results of local audit and inspection and disposal of inspection reports.
- (ix) Clearance of audit objections.
- (x) Government Commercial concerns—Financial review.
- (xi) General results of State Trading Schemes.
- (xii) Other important comments of the Accountant-General.

The Accountant-General also furnished, for the information of the Committee, notes on some important items in the accounts.

9. The matters relating solely to the Andhra State were not considered by the Committee.

10. The Secretary and the Deputy Secretary, Finance Department, were present helping in the deliberations of the Committee at all its meetings except on days when there were informal discussions. The Secretaries and other officers of the departments of

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the Secretariat, as also the heads of departments concerned, were generally present, when the Committee considered the subjects relating to their departments.

11. The following section of this Report contains the observations and recommendations on the more important points considered by the Committee. As regards the less important ones, the Committee is generally satisfied with the explanations, and the information, furnished by the departments as indicated in Appendix A.

V

SAVINGS AND EXCESSES OVER GRANTS—GENERAL SUMMARY OF THE FIGURES AND COMMENTS.

12. The sub-joined table shows the total amounts of grants "Voted" and "Charged" and the actual expenditure against them for the year under report:—

	Total grant.	Total expenditure.	Excess + Savings —	Percentage of savings or excesses on the total grant.
(1)	(2)	(3)	(4)	(5)
	LAKHS.	LAKHS.	LAKHS.	
	RS.	RS.	RS.	
Voted ..	11,046.06	10,809.41	— 236.65	— 2.1
Charged ..	1,727.35	1,432.01	— 295.34	— 17.1
	12,773.41	12,241.42	— 531.99	— 4.2

Savings.

13. The percentage of savings, in previous years since 1948-49, was as shown below:—

Year.	Percentage of savings.		
	Voted or authorized.	Charged.	Total voted or authorized and charged.
(1)	(2)	(3)	(4)
1948-49 ..	— 11.7	— 3.0	— 11.4
1949-50 ..	— 12.1	— 4.0	— 11.8
1950-51 ..	— 8.2	+ 0.1	— 6.1
1951-52 ..	— 6.7	— 71.1	— 25.2

14. The previous Committees had consistently held the view that variation in expenditure up to 3 per cent (as compared with the final appropriation) would be a reasonable limit for condonation, under the present scale of Governmental activities. Judged by this criterion the percentage of savings and excesses, for the year under Report, should not call for serious criticism. As, however, the savings had exceeded 10 per cent of the final grant in a good number of cases, the Committee feels that the percentage of savings could be reduced considerably, if not altogether eliminated, by applying departmental controls more strictly. It would recommend, for the consideration of Government, the possibility of a

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more liberal application of lump sum or percentage cuts, especially on those departments which are notoriously prone to under-spending.

Savings on " Voted " heads have occurred mostly under 14 grants and the reasons therefor have been explained in paragraph 5 of the Audit Report.

In the " Charged " section there was a large saving of about Rs. 2.95 crores, out of which the savings under " Public Debt—(Repayment) " alone, was Rs. 2.21 crores. This was mainly due, as in the previous year, to the non-issue of treasury bills on account of unfavourable market conditions.

15. The Committee was furnished with a note (Appendix ' B ') showing the net excesses over " Voted " and " Charged " appropriations under each grant with explanations for the excesses. It recommends that demands for grants to cover these excesses be presented to the Legislature under Article 205 (1) of the Constitution.

16. Several cases of variations between the final appropriation and the actual expenditure were brought to the notice of the Committee. Some glaring instances are detailed below :—

Grant No. X—State Legislature.

(a) An excess expenditure of Rs. 2,13,807 under this grant was explained as mainly due to the omission, on the part of the Collectors, to provide for a portion of the expenditure on the pay and allowances of the special staff, sanctioned for the work connected with the Annual Electoral Rolls, 1952, for the last quarter of 1952-53. The Committee feels that the Government in the Public Department, which finalized the estimates at headquarters, should have been able to detect this prominent omission on the part of its departmental subordinates and should have arranged to obtain adequate funds in time.

*Debt Charges—Sub-head A. a (vi)—Madras Government
4 per cent loan, 1964.*

(b) The actual payment of interest was Rs. 7,37,450 as against the appropriation of Rs. 10,50,000, resulting in a saving of Rs. 3,12,550 equal to 29.8 per cent. The Department attributed the saving to the non-drawal of interest by rural investors before the 31st March 1953, owing to the delay in the issue of the loan scrips by the Reserve Bank of India, and in obtaining the necessary income-tax exemption certificates. It was also not possible for the Department to forecast with reasonable precision the probable amount of interest due for payment on open market loans, as interest was being paid, till the last day of the financial year, at all Government Treasuries and sub-treasuries, and at the branches of the State Bank of India, inside and outside the State. The Committee was given to understand that the Public Debt Office of the Reserve Bank of India had since taken steps to ensure prompt issue of the scrips to the investors, and that Government

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had instructed the Treasury Officers to help the small investors in securing income-tax exemption certificates quickly. The Committee hopes that it would be possible for the Department to obtain from Treasuries and Public Debt Offices, outside the State, telegraphic information as to the amount of interest likely to be drawn in March, as such information will be extremely useful in regulating the final appropriation under this head.

*Grant XXV—Civil Works—Works Sub-head h. B. Other
Suspense Accounts—Highways Department.*

(c) The actual expenditure under the sub-head was Rs. (—) 6.05 lakhs against the final grant of Rs. 22.12 lakhs, the saving being Rs. (—) 28.17 lakhs. The Department explained the saving as mainly due to the non-adjustment of the cost of bitumen, cement, road rollers, etc., amounting to Rs. 17.7 lakhs purchased by the Department, for want of debit advices from the Director-General (Supply) as well as bills from the suppliers. The Department admitted that the non-surrender of funds was attributable to the failure on their part to pursue the outstanding debits with the creditor parties, but said that instructions had since been issued to avoid a recurrence of this situation. The Committee hopes that this prominent case of defective control would serve as a pointer to all large spending Departments and stimulate them towards a "last minute" assessment of their budgetary position.

*Grant XXXIX—Capital Outlay on Road Transport Schemes
outside the Revenue Account—Sub-head "a. D. 3".*

(d) The expenditure under this Suspense Account was Rs. 3,08,932, as against the final grant of Rs. 61,500, the excess over the grant being Rs. 2,47,432. The excess was due to the non-clearance of the value of the work done for the Government Bus Service, from the Suspense Account. The Departmental explanation was that the bulk of the excess (Rs. 2.04 lakhs) relating to the renovation of bus bodies, could not be adjusted by transfer from the Suspense Account to the final heads of charge, as the connected bills required some splitting up, which work could not be finished before the accounts for the year were closed. The Committee, however, finds that the heads of account under which the charges should have been redistributed were controlled by the same officer and that the accounts for the year 1952-53 had been kept open till about November 1953. The Department should have obviously avoided the heavy excess (of nearly 400 per cent) by promptly splitting up the bills and putting through the necessary adjustments before the accounts for the year had closed. As the case reveals some lack of understanding between different sections in the headquarters office of the Transport Department, the Committee hopes that effective steps will be taken to achieve better co-ordination in that Department.

Grant XV—Education—Sub-head 1. A. I. (i) 4.

(e) As against the final grant of Rs. 71,50,000, the expenditure was Rs. 88,74,176, the excess being Rs. 17,24,176 (24 per cent over the grant). The Department explained the excess as

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due to the payment of subsidies to local bodies sanctioned by the Government late in the year, which could not be anticipated by the Department. The Committee feels that, as the sanctions accorded by the Government are communicated to the Head of the Department simultaneously, it should be possible for the latter to make a reasonably accurate forecast of the expenditure likely to be incurred within the year and take timely steps to obtain sufficient funds to cover any possible excess.

Grant XV—Education—Sub-head “ 47. Miscellaneous Departments—d. B. 3 ”.

(f) An excess of Rs. 1,52,570 (or 18.5 per cent over the grant) was explained by the Department as due to the opening of more examination centres and payment of remuneration to more Examiners and Assistant Superintendents than anticipated. During the interrogation of the departmental witnesses, the Committee elicited the information that the total number of centers had been decided upon as early as 15th February 1953. It was, therefore, obviously feasible for the department to have estimated the amount likely to be required for payment before 31st March, and to have obtained necessary reappropriation of funds to cover the extra expenditure, especially in view of the fact that the grant, as a whole, had closed with a saving of nearly Rs. 17 lakhs.

Grant XIV—Police—Sub-head “ h. C. 5. Other Charges ”.

(g) A saving of Rs. 2,57,953 under this sub-head was attributed to less expenditure on the movement of Police “ bandobust ” parties at the end of the year. As the Department knew, in time, of the shrinkage in Police bandobust work, it should have been possible for it to forecast its annual requirement and to surrender the saving. In fact, the Departmental witness orally admitted that the saving was not surrendered due to oversight.

Grant XVI—Medical—Sub-heads “ b. A. 6 ” and “ b. B. I. 7 ”.

(h) The excess expenditure of Rs. 2,82,265 (10 per cent) and Rs. 8,18,080 (13.4 per cent) over the grant under these sub-heads was attributed to supplies of medicines at higher rates having been made by the Medical Store Depot, Madras, to the hospitals towards the fag end of the year, contrary to expectations, and to the omission, on the part of the Departmental Officers, to provide for the 30 per cent extra (over the cost of the medicines) to meet the inevitable packing and transit charges. The Committee is of the view that, consistently with the revised ‘ Priced Vocabulary ’ communicated by the Medical Store Depot, the Department should have prepared a revised forecast of expenditure at the time of actual supply and obtained necessary funds in time to cover the excess. The omission to provide for the packing and freight charges is very unfortunate and reflects some looseness of control at the *Departmental level*.

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Grant XXV—Civil Works—d. Highways—I—Communications.

(i) Against the final grant of Rs. 4,14,33,800 an actual expenditure of Rs. 4,46,14,714 was incurred, resulting in an excess of Rs. 31.8 lakhs (7.7 per cent over the grant). The Department explained that the officers of the Highways Department had exceeded the grant under the mistaken impression that expenditure in excess of 'appropriation' was permissible up to 10 per cent of the latter. The Committee considers it rather remarkable that such an erroneous impression should have prevailed in the Engineering Department where the Engineering officials, at various levels, are supposed to be well-acquainted with the rules governing their financial powers and control over expenditure. The Committee feels that immediate and effective efforts should be taken to remove this misconception on the part of the Public Works Department officials. It would also like to see the Heads of this Department exercising a closer check on the progress of expenditure under their control.

Grant XXVIII—Sub-head II. E. g.—“ Other suspense accounts ”.

(j) Against the final grant of Rs. 5,18,600 under the sub-head the actual expenditure was Rs. 15,23,678, leading to an excess of Rs. 10,05,078 (about 200 per cent). The bulk of the excess was traced to the non-adjustment of the assets and liabilities, as on the vesting dates, of certain Electricity Undertakings taken over by Government, due to the delay in settling the method of their adjustment. Another reason offered was the non-adjustment of the cost of rails, obtained from abroad, for some Electricity Systems and Private Licensees, for want of the details necessary for the allocation of the cost between the various parties. The Committee feels that both the adjustments referred to above should have been dealt with in a more systematic and prompt manner, to avoid this large excess. It suggests that, if necessary, a suitable procedure should be devised to meet similar difficulties, in future.

Grant XXXI—Sub-head e. I.

(k) The expenditure incurred in excess of the grant under this sub-head was Rs. 3,21,835 (45.7 per cent) and was mainly attributed to the printing of electoral rolls, the expenditure on which, according to the Department, could not be forecast with precision. The Committee feels that as the Department was aware that printing was being done, on a large scale, by the District Collectors in private presses, it should have taken steps to anticipate and to provide for, the additional expenditure, by obtaining the required data from the Collectors in time. The Committee feels that the control exercised by the Department in this case was not as effective as could be desired.

Grant XLI—Sub-head ' c. F. (ii). 2. '

(l) There was a saving of Rs. 3,43,990 (11.1 per cent) under this sub-head owing to payments not having been made by the

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Agriculture Department for the supply of pipes and fittings to the extent anticipated and to less purchase of steel pipes and fittings as a result of de-control. It is obvious that if a careful watch over the progress of expenditure had been kept by the Department, the amount of the grant not likely to be utilized, could have been promptly surrendered, and the heavy saving avoided thereby.

Defective Budgeting—Grant XI.

(m) The Government sanctioned in July-August 1952 a sum of Rs. 1,00,973 as payment of hire charges for running steamers to the Laccadive and Amindivi Islands for Inspection purposes. Though the expenditure was incurred and booked in the accounts, no provision to cover it was ever obtained by the Department and the entire expenditure became an excess. Owing to clerical error, the sanction to the expenditure, accorded by Government was not communicated to the Board of Revenue, which controlled the grant. This omission could, however, have been detected and necessary action to obtain funds taken, if the Department had promptly reviewed its expenditure figures before the close of the financial year. The Committee also feels that the Board of Revenue should have been aware of the Inspection arrangement, and its attendant cost.

The foregoing comments will show that the control over expenditure exercised by some Departments was not entirely adequate. The Committee hopes that, in view of its specific comments on similar defects noticed during its consideration of the accounts of 1951-52, the Departmental control will be more effective in future, particularly as regards the last minute appraisal of liabilities and their liquidation. The Committee notes, in this connection, that suitable instructions have already been issued by the Finance Department in their Memorandum No. 5369/56-4, dated 17th March 1956.

VI

FINANCIAL IRREGULARITIES, LOSSES, ETC.

- (i) *Incorrect estimation of road rollers and consequent loss—Grant XXVI.*

17. During the period from 1946 to 1951 the Highways Department purchased through the Government of India 594 road rollers at a cost of about Rs. 2½ crores. The rollers could not, however, be utilized as and when received, owing to the slowing down of the road works programme, mainly as a result of financial stringency. Many of the rollers had, therefore, to be kept in storage for a long time. Apart from the locking up of Government capital in this fashion, the expenditure incurred on the maintenance and storage, of the surplus rollers to end of 1952-53 alone, amounted to Rs. 15,000. The Committee was given to understand that, apart from twenty-three rollers which were beyond economical repairs, all the other serviceable rollers had since been distributed among the divisions, for useful service.

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While sanctioning the purchase of those rollers at such great cost, Government had issued instructions that *pro forma* accounts should be prepared showing the interest, depreciation and maintenance charges on these rollers on one side, and the revenue derived through them, in the shape of hire charges from contractors and on the departmental works, on the other. No such accounts had been maintained by the Department so far, and Government, while condoning, as a special case, the omission to keep the *pro forma* accounts of these rollers to the end of 1953-54, ordered that the accounts for 1954-55 should be promptly produced for audit scrutiny.

The Committee observes, with regret, that no accounts should have been maintained by the Department *ab initio*, showing the operating results of the rollers which involved such a large outlay. It is also perturbed to find that the accounts for the year ending 31st March 1955 should not have been produced even till April 1956 when the Committee met. The Committee attaches considerable importance to these *pro forma* accounts and suggests that Government should kindly take action to see that the accounts for 1954-55 are submitted within 3 months from now and the accounts for 1955-56 within 3 months thereafter.

(ii) *Avoidable expenditure—Grant XVI.*

18. The Accountant-General brought to the Committee's notice the case relating to the purchase of 315 Radium needles, costing nearly Rs. 67,300 from a New York firm, in July 1947. The Accountant-General pointed out that as many as 279 of these needles were found to be defective and the Department had to consider sending back these needles for rectification, to the American firm. Although 5 years have passed since the defects were noticed, only 63 needles have apparently been treated so far by the firm and even with regard to these there is a dispute regarding the quality of the work done on a number of the needles.

In view of certain allegations which were made about this transaction, in the Press and in the Legislature, the Committee examined the case in some detail with the help of the departmental witnesses. Through the good offices of Government, the Chairman was allowed to peruse such confidential papers as were available on the subject, with Government.

As a result of the examination of the available records, and of the departmental witnesses, the Committee has come to the following conclusions on this case:—

(a) The evidence shows that the original purchase of the Radium needles was done in a *bona fide* manner, after obtaining competitive quotations, and from the firm offering the cheapest rate.

(b) There is no evidence to support the allegation that the needles which were received were substituted or tampered with.

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(c) It is true that when the needles were originally received, the "Purity Certificate" was not furnished by the firm, although this pre-requisite was clearly stipulated in the contract. The department failed to notice the absence of the certificate before full payment was made, but the certificate was subsequently obtained from the firm. The Committee gathers from the evidence tendered before it that the defects noticed in the Radium needles had no relationship to the "Purity Certificate" and that even if the certificate had been furnished in time, the defects would not have come to notice except for certain autophotograph tests subsequently conducted by the department, in its own laboratories.

The Committee considers that the omission to notice the absence of the "Purity Certificate" on the part of the purchasing officer, is extremely unfortunate although, in any event, it happened that this certificate (which was subsequently obtained) had nothing to do with the defects noticed by the department, in the filling of the needles. The Committee has no observation to make on the case except to point out the need for greater vigilance on the part of the purchasing officers in the matter of ensuring that, when supplies are obtained from abroad, all the stipulations mentioned in the agreement are rigidly complied with by the suppliers. Incidentally, it has come to the notice of the Committee that a technical officer of the department, most concerned with the purchase, obtained for his private professional use, from the same American company, Radium needles and cells to the value of about Rs. 10,000 concurrently with the purchase made by Government. It is admitted by this officer that he did not disclose to Government this simultaneous purchase, on his own private account. The Committee is satisfied that the purchase was paid for by this officer at the same rate as that accepted by Government and that full payment has been made by him to the American supplier. However, the Committee feels that he should have, as a matter of precaution and good faith, disclosed to the Government that he was trading with the same firm at the same time, on his private account.

(iii) *Embezzlement—Grant XVI—Medical.*

19. The Accountant-General had reported a case of embezzlement of Rs. 10,476 between 1949 to 1951 by a cashier in a City hospital. The cashier was prosecuted and convicted to undergo imprisonment for 18 months. After setting off a sum of Rs. 1,152 recovered from her, and Rs. 100 recovered as a nominal fine from the Lay Secretary of the hospital, the net loss of Rs. 9,224 was written off by Government.

The examination of the departmental witnesses revealed that the misappropriation was rendered possible through the failure of the supervisory staff of the hospital to exercise adequate check over the work of the cashier and the non-observance of the Code Rules regulating the accountal of Government money. Since, in this case, disciplinary action against the senior staff has been taken by Government in consultation with the Public Service Commission, the

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Committee does not want to comment on the adequacy or otherwise of such action, but would like Government to impress on its Gazetted officers that laxity in financial control and supervision is likely to result in the bulk of any resultant loss being recovered out of the peccant officials.

It has transpired, in this case, that a security bond for Rs. 500 taken from the cashier had been allowed to lapse, and not renewed as required under the rules, and that consequently no realization could be made of the amount of the bond. The Committee regrets to note that, apart from lax supervision, the financial safeguards relating to the furnishing of securities by staff handling Government money, were not carefully adhered to in this case.

Losses under Grant VIII—Irrigation.

20. The right for collecting tolls for one year at a Toll station was leased, in February 1951, to a contractor for Rs. 22,225. According to the conditions of the lease, the lease amount was payable in three equal instalments. The lessee paid the first and second instalments with a lot of delay, but the third instalment was not paid at all. Including the interest due on the first two instalments, the amount recoverable from the lessee was Rs. 7,800 besides the interest on the third instalment, calculated from the date of its becoming due. The security deposit of Rs. 5,556 collected from the lessee was, therefore, forfeited and the recovery of the balance of Rs. 2,244 and interest on the third instalment was waived by Government, as the party had become bankrupt. The Government considered that no action need be taken against the departmental officers, who failed to watch the realization of the amounts due from the lessee, as they had no reason to suspect his financial instability.

The Committee, however, feels that action should have been taken by the department either to collect the dues promptly on the due date, in advance, or to terminate the lease forthwith and give the contract to another party, and that the department should not have postponed action to effect recovery till the lease period was over, thus allowing the contractor to irregularly collect the toll for the last period. The Committee hopes that suitable instructions will be issued by Government to prevent the recurrence of similar situations in future.

Losses under Grant XXV—Civil Works—Works.

21. The Accountant-General had drawn the Committee's attention to a case where certain surplus military buildings were acquired by Government for Rs. 23,000 in 1949, for locating a Basic Training School, but which were later abandoned and sold off by Government, in 1951, with a loss of over Rs. 15,000. The facts of the case revealed that, although the purchase was initially approved by the Engineering and the Educational authorities, yet the Education Department subsequently found the buildings too costly to be repaired and improved for effective use and also otherwise unsuitable,

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from the point of view of location. It was also in evidence that the buildings were allowed to fall into great disrepair after purchase and that there was some delay in their ultimate disposal.

The Committee is convinced that the original purchase was authorized without the Educational authorities paying due attention to the cost of renovation and improvement and to the unsuitability of the site. On their part the Engineering officials seem to have grossly over-estimated the durability and intrinsic worth of the buildings.

The Committee cannot help observing that in this case both the Educational and the Engineering officials had not shown such cautious financial "awareness" as is expected of them. The Committee hopes that strict instructions will be issued by Government to all heads of departments to ensure that proper care is exercised, in future, in submitting proposals for purchasing lands or buildings for official use.

Unremedied or uncovered excess—Grant XXVIII—Electricity.

22. While examining the excess over the grant in the "Billing Suspense" account relating to the Madras Electricity System, the Committee noticed a very large outstanding (amounting to over Rs. 10 lakhs) due for recovery from the defunct Madras Electric Tramways Company, Limited, and shown as a receipt of the System. It was previously explained to the Committee that legal proceedings had been initiated by Government against the Company and that the matter was pending, on appeal with the High Court. The Committee now understands that the High Court has since delivered a judgment in the case from which it would appear that the amount likely to be realized from the Company will be far short of the sum of Rs. 10 lakhs due to Government from it. In the light of these developments, the Committee suggests that the department should take very prompt steps to recover such amounts as may be realisable, and clear the Suspense account of the very old outstandings, by a formal write-off, if necessary.

Injudicious re-appropriations and surrenders causing excesses over allotment—Grant XXXVIII—Capital Outlay on Electricity Schemes.

23. While scrutinizing the reasons for the excess over the grant in the Electricity Department, the Committee came across a case where a payment of Rs. 43,300 was made to a contractor at his urgent request at the end of March 1953 for a work check-measured on the 24th March 1953. The Committee's attention was drawn, by the Accountant-General, to the Code Rules which require that the work done in March shall be measured and paid for in the same way as work done in any other month, i.e., it should be ordinarily not paid till the April following, unless the work had been completed in the earlier part of March in which case it may be measured and paid for before the end of March, if that would

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be the normal course for the other months. In this case the payment should have been apparently postponed to April next. The department could not also establish that it was its normal practice in the other months to pay for work measured in the first-half of a month, in the same month. The irregularity had become more pronounced in view of the fact that there was no additional appropriation to cover the excess over the grant.

As the object of the Code Rule is to discourage incorrect and hurried payments on the basis of possibly hasty and imperfect measurements, the Committee would like the Government to impress, on all the departmental officers, the need for adhering strictly to this salutary provision.

Losses—(i) Grant XXXI—Stationery.

24. During the stock taking of the Government Press, Madras, for the 11-year period ending 31st March 1951, shortages in type metal and other plant and machinery amounting to Rs. 1,14,803 were written off by the Government. The loss in type metal (Mono and Lino) was explained by the department as due to constant re-melting. As regards the loss of other plant and machinery, assessed at Rs. 19,935, the departmental witnesses thought the loss to be negligible, considering the long period of eleven years intervening since the last verification. During oral examination it was conceded by the department that, as mentioned by the Stock Verification Officer, losses, in types, could also arise out of pilferage which existed on a considerable scale, in the Press.

The Committee feels that, while it may not be possible to arrange an annual stock verification, the present requirement of a quinquennial verification, should be rigidly enforced. In addition, the Committee recommends that surprise verification (by senior officers in charge) of particular branches of the press, or of types of stock may be arranged for annually. The Committee is also concerned about the admitted loss by internal theft and welcomes any steps to tighten up the security arrangements, which the department may suggest.

(ii) Grant XXXII—Miscellaneous.

25. The Accountant-General has brought to the Committee's notice the fact that the chowkidars employed on Price Control work in a district were being paid travelling allowance by the Collector every month as a regular feature, which payment was not strictly in accordance with the Madras Travelling Allowance Rules applicable to the Government servants of the lowest grade. The travelling allowance, which exceeded the corresponding pay and allowances drawn by the chowkidars, amounted to Rs. 32,741, over a period of nearly eight years since 1943. On this irregularity being pointed out, the payment of travelling allowance was stopped and the Government waived the recovery of the overpayments already made by the Collector.

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During his examination, the departmental witness urged that the travelling allowance was paid to the chowkidars in the special circumstances prevailing in that district and that the travelling allowance rules applicable to normal times should not be applied to them. The Committee, however, feels that the proper procedure would have been for the Collector to have made out a case and obtained the prior orders of the Government for the payment of travelling allowance, if he considered that there were special circumstances justifying the departure from the rules. The Committee trusts that the Government will issue suitable instructions to all departments to guard against similar overpayments to low paid staff, which are necessarily difficult of recovery and have invariably to be written off.

(iii) *Grant XLI—Capital Outlay on Schemes of State Trading.*

26. In respect of the State Trading Schemes of Government worked by the Board of Revenue (Civil Supplies), losses to the extent of Rs. 11,97,497 were written off in respect of foodgrains during the year 1952-53.

The Committee went into the details of the various losses enumerated in the report. In one case it was found that Government had written off as irrecoverable an amount of Rs. 1,29,003, being the shortage of paddy and rice due to losses over-board, spillage, dryage, etc., during the movement of stocks from the Circars to Malabar by sea, during 1949-50. As similar losses, during water-transit, are not infrequent, the Committee suggests that Government should review its policy of not taking out insurance against all types of marine risks.

The total trading loss to the Government on account of the State Trading Schemes (Civil Supplies) was about Rs. 9.93 crores, including subsidies. The Accountant-General brought to the notice of the Committee that the losses were being carried forward from year to year and that, as the schemes had been practically wound up, it should be possible for the department to produce the final picture of financial deficit to the State, as a result of the various trading schemes.

The Committee would repeat its recommendation made in the last report and urge the Government to see that the accounts of the schemes up to 1955-56 are finalized and presented to it within three months or so to enable the Government to assess the ultimate losses to the State on its Civil Supplies Schemes, and to arrange for a formal write off, if necessary.

Relaxation of Statutory Rules.

27. An important case in which the Government had resorted to a relaxation of statutory rules for granting protection to a senior officer, against a supposed loss in his emolument, has been brought up before the Committee by the Accountant-General. The case relates to an I.A.S. Officer who was drawing a basic pay of Rs. 1,500 plus a special pay of Rs. 200 for the discharge of the duties attached to the post held by him and who, on appointment as Member of

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a Statutory Commission, was allowed to draw the same special pay, even though he ceased to discharge, from the date of such appointment, the duties for the performance of which the special pay was initially granted. The Government explained that their intention in allowing the officer to continue to draw the special pay was that he should not suffer any pecuniary loss on his appointment as a Member of the Commission.

The Committee regrets that it is unable to share the view of the Government in this case, since the grant of special additions to pay is obviously not justified in cases, where the incumbent has ceased to perform duties which justify the drawal of such special pay. The Committee trusts that, in future, the Government will rigidly observe the principles underlying the grant of additions to pay and will not resort to the relaxation of the rules, merely on personal considerations.

VII

SPECIAL AUDIT OF THE ACCOUNTS OF AN INSTITUTION.

Grants relating to the Agricultural Department.

28. Among the several defects noticed in the accounts of the Agriculture Department for 1952-53, those relating to the office of the Agricultural Chemist, Coimbatore, were specially brought to the notice of the Committee.

The main types of irregularities observed in this case were—

- (1) Omission to bring the purchases to account.
- (2) Issues of stores in excess of quantities indented for, and of stores not indented for.
- (3) Non-observance of the rules regarding the physical verification of stocks.
- (4) Sanctions for purchases, in excess of financial powers.
- (5) Interpolations and unattested alterations in the entries in the stock books, etc.

Another strange phenomenon observed by the Committee was an irregular delegation of financial power, by the Government Agricultural Chemist, to an attender, drawing a pay of Rs. 35 per mensem who was given authority to invite and accept tenders on behalf of the Agricultural Chemist and who had actually purchased stores amounting to Rs. 19,000 under this delegation.

The Committee was informed that, although a system of internal audit was introduced in the Department in 1949, yet prompt action was not taken on the internal audit reports, which in some cases were not seen by the Head of the Department at all. It was also in evidence that the inspection of the Chemist's office by senior departmental officers rarely touched on financial or accounts transactions.

The Committee is surprised to find this indifference to account matters on the part of senior officers, apparently under the belief

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that it is the responsibility of the Accountant-General to keep the initial accounts in proper order. The Committee cannot too strongly emphasise that this responsibility cannot be shifted on to Statutory Audit and that it is the duty of the departmental officers to ensure the correctness and punctuality of the initial accounts kept by their staff. The Committee feels that, in the course of departmental inspections, the Heads of Departments or their Deputies should, incidentally, devote their attention to a test-check of the initial accounts, particularly with regard to cash transactions, tender purchases and the like. The Committee has necessarily to conclude from the evidence tendered by the Department that, as observed last year, there has been some neglect of duty in the lower ranks and general inadequacy of supervision on the part of the senior officials of the Department.

Savings—Grant XXI—Industries.

29. A saving of Rs. 78.35 lakhs under this grant was explained as being mainly due to the delay in starting the Hydrogenation Factory at Kozhikode. The factory could not be put into operation economically, as groundnut oil, which was the chief raw material required for running the factory, had to be obtained from Pollachi taluk, which was quite at a distance from the factory. On the recommendations of the Committee which was appointed to examine the financial aspects of this venture, the Government decided that it was not possible to successfully run the factory departmentally and that it should be either leased out or sold outright.

The capital investment on this unfortunate venture amounts to about Rs. 25 lakhs and a sum of about Rs. 2,000 per month is being incurred on the maintenance of the machinery installed in the factory. The Committee understands that the question of disposal of the factory is now pending with Government. In view of the substantial capital outlay and the recurring maintenance charges, the Committee suggests that Government should arrange for the leasing out, or the disposal, of the factory, in the quickest possible time. The Committee does not desire to go into the genesis of this unprofitable scheme as the original sanction to it was given as far back as 1945.

VIII

DISPOSAL OF INSPECTION AND AUDIT REPORTS.

30. The Committee observes with satisfaction that the pendency in regard to the inspection reports and audit objections has been decreasing steadily of late. As, however, the number of Inspection Reports outstanding in the Highways Department is rather heavy, it supports the proposal placed before it, at the discussion, that the Chief Engineer (Highways) should arrange to clear all the pending reports to end of 1952-53, within a period of four months from now, by deputing a special officer from his department, for the purpose of settling the objections on the spot, in collaboration with an audit officer, whom the Accountant-General has kindly consented to associate with the Highways Department

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for this purpose, for a short period. The Committee expects that substantial reduction in the number of pending objections will follow by adopting this method, which has yielded fruitful results in the past.

IX

REVIEWS OF GOVERNMENT COMMERCIAL CONCERNS—CINCHONA DEPARTMENT.

31. While considering the report on the accounts for 1951-52, this Committee referred to the Estimates Committee the question whether, in view of the anti-malarial activities of the various Governments in India, and the availability of cheaper synthetic drugs in the market, there was any scope for the continued operation, on the existing scale, or for the fruitful expansion, of the Cinchona Plantations, on which Government had invested very large sums. After perusing the report of the Estimates Committee, since furnished to it, this Committee trusts that by implementing the suggestions made therein there will be some tangible improvement in the financial position of this undertaking, which is now working at a loss. The Committee also hopes that the Department will spare no pains to make this industry as self-supporting as possible, in order to prevent an undue strain on Government's resources. It is noticed that, to utilise his spare land and man-power, the Director has turned his attention to other minor schemes like the plantation of medicinal and essential-oil plants. The Committee hopes that the expenditure on these new activities will be carefully regulated and that their commercial results checked up from time to time, through proper *pro forma* accounts.

X

UNPROFITABLE OUTLAY IN THE PURCHASE OF DIESEL BUSES.

32. The Public Accounts Committee which considered the accounts of 1949-50 dealt with the purchase of 25 Italian Diesel buses by Government in 1948 and expressed the view that in the purchase of Diesel buses the Government of the day should have exercised more care and caution.

The Accountant-General had, in this connection, brought to the notice of the Committee that the specific loss incurred on this purchase by Government had not yet been formally written off. It was argued by the Department that no write-off was necessary as the buses had been put to profitable use since then and had earned adequate revenue.

The Committee, however, feels that the above facts do not relieve Government from the need for a formal write-off and there should be no further delay in assessing the amount of unprofitable outlay with reference to all known factors. It supports the audit view that the scrapping of the diesel engines, along with the connected spare parts, must be regarded as an unprofitable outlay and it suggests that the Department should work out the amount of such infructuous expenditure on the lines suggested by the Accountant-General and get it written off under proper authority, within about three months from now.

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XI

NEW SERVICES.

33. It is a well established principle of expenditure control that all new items of expenditure (other than of trifling value) which were not previously voted by the Legislature, should be financed from the Contingency Fund, which would be recouped by specific sanctions of the Legislature, given *ex-post facto*. The criteria for determining the types of expenditure which should be classified as 'New schemes' were last formulated by a previous Committee in April 1950. Since then certain difficulties have been felt in the application of these criteria, particularly as regards the following types of expenditure :—

(a) Expenditure on 'new instruments of service' which cannot be obviously treated as arising out of the normal increase of Government work;

(b) Expenditure on temporary establishments lasting beyond one financial year; and

(c) Outlay on any scheme, whose components consist of establishment, works and equipment, expenditure on each one of which may be below the limits laid down by the Public Accounts Committee in 1950.

In order to remove these lacunae in the rules on the subject, the Finance Department has proposed, at the instance of the Accountant-General, an amplification of the existing criteria as shown in Appendix 'C'. As the modifications proposed would conduce to a more effective control of expenditure by the Finance Department than is the case at present, and will also enable the Legislature to exercise a closer watch over new schemes of expenditure, involving a comparatively large outlay, the Committee accepts the proposed revision and recommends that it be given effect to from the accounts of 1956-57. The Committee notes that suitable illustrative cases will be included in the rules to be issued, to clearly bring out their scope and intention.

XII

GENERAL OBSERVATIONS.

34. While examining some of the accounts transactions pertaining to the earlier years, it was found that it would be advantageous for the Committee, to obtain the oral evidence of officers who were connected with or were in charge of the transactions at the time. The Committee, therefore, suggests to Government that, in all such cases where the officers who were responsible for the transactions are available, they should be required to appear before the Committee for examination, even though they may be working in other departments, at the time of the discussions. Such a step will, of course, be essential only in those cases where the Committee feels that such an appearance is necessary.

OOTACAMUND,
24th May 1956.

DR. K. B. MENON,
Chairman.

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(Vide paragraph 11 of the Report.)

APPENDIX A.

Head of Account. Defect brought to notice. Explanation submitted to the Committee.

Reference to Audit Report and Appropriation Accounts, 1952-53.

(1) Serial number.

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I—Unnecessary or excessive supplementary grants.

1 Pages 9 and 53, Grant VIII—Irrigation—13. Other

Revenue Expenditure financed from Ordinary Revenue—Irrigation Works for which no Capital Accounts are kept—Minor Irriga-

tion—Revenue Department—b. Maintenance and Repairs—A. Ordinary Areas.

2 Pages 9 and 91, Grant XIV—29. Police—o. District

Executive Force—A. District Areas—4. Allowances and Honoraria.

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Grant XIV—29. Police—c. District Executive Force—A. District Police—I. Ordinary Areas—8. Clothing, Arms and Equipment.

4 Pages 9 and 103, Grant XIII—47. Miscellaneous

Department—a. Labour—II. Contributions to Backward Classes—Post-war Reconstruction—Scholar-

Saving of Rs. 1,88,227 on a final appropriation of Rs. 10,75,000.

Saving of Rs. 6,23,531 on a final appropriation of Rs. 36,27,700.

Mainly due to non-receipt in time of supplies and from the Ordnance Department, contrary to expectation.

A supplementary grant of Rs. 43,05,300 was provided for to meet the increased expenditure on account of the Andhra agitation which was prevailing then. There was not the expected movement of bandobust parties as a result of which there was a saving which could not be anticipated and surrendered in time.

Mainly non-utilisation, in full, of the amount provided for repairs of minor irrigation works as one of the special measures to provide employment to agricultural labourers in famine affected areas due to provision obtained late in the year.

Scholarships are granted to eligible communities and Backward Classes. The saving is due to wrong classification.

Non-utilisation of provision as the scheme for building up a reserve stock of fodder in Rayasaseema (Now in Andhra State) was in preliminary stage.

Due to the delayed receipt of the gross pay statements from the Heads of Departments which resulted in the non-adjustment of contributions to the extent originally anticipated.

Due to non-inclusion of railway freight charges and non-payment in full within the year for the supply of paper from certain mills.

Due to non-receipt of debts before the close of the financial year for the Jeeps supplied for use in the Community Project areas by the Union Government under the Technical Co-operative agreement.

Due to receipt of lesser quantity of fertilisers than originally anticipated.

As a result of the failure of rains for five years in succession, severe famine conditions prevailed in the State in 1950-51 and subsequent years necessitating large-scale expenditure on relief measures, import of foodgrains, etc. Pending a decision on the question of getting special assistance from the Government of India for the purpose, overdrafts were allowed by the Bank and interest claimed on overdrafts at the same rate as for Ways and Means advances. The final appropriation for the payment of interest on overdrafts and Ways and Means advances was provided for on the assumption that they would be cleared in full, with interest, before the close of the year. But the Bank claimed and adjusted the interest only in June. As this could not be foreseen the savings could not be surrendered.

Saving of Rs. 1,72,199 on a final appropriation of Rs. 2,00,000.

Saving of Rs. 1,90,469 on a final appropriation of Rs. 13,51,800.

Saving of Rs. 10,05,286 on a final appropriation of Rs. 60,00,000.

Saving of Rs. 2,55,503 on a final appropriation of Rs. 2,57,000.

Saving of Rs. 33,67,700.

Saving of Rs. 32,27,608 on a final appropriation of Rs. 48,26,000.

Saving of Rs. 33,67,700.

Saving of Rs. 33,67,700.

Saving of Rs. 33,67,700.

Saving of Rs. 33,67,700.

Saving of Rs. 33,67,700.

Saving of Rs. 33,67,700.

Grant XXXIX-54. Famine—

a. Famine Relief—d. Miscellaneous—1. Measures for the Protection of Cattle.

Grant XXX—Pensions—55. Superannuation Allowances and Pensions—d. Donations to Provident Fund

—(iii) Government contribution under Pension-Provident Insurance Scheme—Voted.

Grant XXXI-56. Stationery and Printing—1. Stationery—b. Purchase of Stationery stores—

A. Stationery purchased in India.

Grant XXXII-63. B. Community Projects—II. Community Projects—d. District/Project Headquarters—

5. Other Charges (Transport).

Saving of Rs. 2,55,503 on a final appropriation of Rs. 2,57,000.

Saving of Rs. 32,27,608 on a final appropriation of Rs. 48,26,000.

Saving of Rs. 33,67,700.

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Saving of Rs. 33,67,700.

5 Pages 9 and 267, Paragraph 12 (1).

6 Pages 9 and 269, Paragraph 12 (1).

7 Pages 9 and 28, Paragraph 12 (1).

8 Pages 10, 282 and 375, Paragraph 12 (1).

9 Pages 10 and 286, Paragraph 12 (1).

9 Pages 10 and 286, Paragraph 12 (1).

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9 Pages 10 and 286, Paragraph 12 (1).

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Reference to Audit
Report and Appropriation
Accounts, 1952-53.
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10 Pages 10 and 287,
Paragraph 12 (1).

Debt Charges—22. Interest on Debt
and Other Obligations—D. Transfers
—Interest transferred to Commercial
Department—(ii) Electricity Schemes (Charged).

Saving of Rs. 15,83,808 on
a final appropriation of
Rs. (—) 1,73,16,000.

Interest is calculated on the cumulative capital
outlay at the beginning of the year and on
other half of the outlay during the year,
being taken into account in calculating
the interest for the following year. The
saving is due to the non-inclusion of the
interest for the half-year.

Provisions for the repayment of the loan of
Rs. 9 lakhs taken from the Government of
India left unutilised as the loan was refunded
to the Government of India in a single
instalment without being utilised.

II—Reappropriations obtained unnecessarily or in excess of requirements.

12 Pages 10 and 32,
Paragraph 12 (2).

Grant I—7. Land Revenue—
4. Assignments and compensation
—C. Other compensations.

Saving of Rs. 1,21,274 on
a final appropriation of
Rs. 11,92,600.

As there was some defect in some of the pro-
posals orders sanctioning payments could not
be issued sufficiently early with the result
that the Collectors in the districts could not
make payments to the parties before
31st March 1953. This contributed to the
savings which could not be anticipated.

13 Pages 10 and 104,
Paragraph 12 (2).

Grant XV—37. Education—D. Special—m. Government Special
Schools—A. Training School
masters—(ii) Post-war Reconstruction—4. Basic Training Schools.

Saving of Rs. 2,81,479 on
a final appropriation of
Rs. 21,46,000.

Mainly due to non-receipt of articles for the
craft equipment stores indented and provided
for (Rs. 1,00,000), less payment of stipends to
the trainees (Rs. 43,000), economy in expendi-
ture (Rs. 30,000) and erroneous classification
converted into Basic Training Schools.
(Rs. 60,000).

I—Unnecessary or excessive supplementary grants—cont.

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Explanation submitted to the Committee.

Defect brought to notice.

Head of Account.

11th August 1956]

Mainly due to belated sanctions and the debit for the supply of material by the Ordnance Department not having been adjusted before the end of the year. As per the revised financial arrangements, the Government of India, Ministry of Defence, have agreed to meet the entire expenditure connected with the National Cadet Corps units will not recur in the State Budget. The irregularity regarding the non-surrender of savings on account of the supply of clothing to National Cadet Corps unit direct from the Union Funds, and as such the transactions connected with the year towards the purchase of drills, pipes and casing pipes:—

The savings detailed below are mainly due to non-receipt of debits from the Director-General of Supplies and Disposals before the close of the year towards the purchase of drills, pipes and casing pipes:—

Rs.	
3,47,950	(1) Savings in the provision made for Assam disposal pipes ..
1,82,871	(2) Savings in the provision made for the purchase of casing pipes ordered through the Director-General of Supplies and Disposals ..
2,72,086	(3) Savings in the provision made for the purchase of 17 power drills (payment for 5 numbers of drills ordered through the Director-General of Supplies and Disposals) ..
47,593	(4) Savings under freight and cartage and wages, etc. ..
8,50,000	

Saving of Rs. 1,13,249 on a final appropriation of Rs. 10,60,700.

Grant XV—Education—37. Educa-
tion—B. General—s. Miscellaneous
—A. General—(1) Excluding Post-
war Reconstruction—11. National
Cadet Corps.

future.

Grant XXI—43. Industries and Sup-
plies—a. Industries—B. District
Executive Establishment—(1)
Industrial Engineer—4. Pumping
and Boring.

14 Pages 9 to 12 and
107, Paragraph 12
(2).

15 Pages 10 and 152,
Paragraph 12 (2).



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The provision in respect of these items were based on the forecasts of the High Commissioner for India or the Director-General, India Stores Department, London, as well as the anticipated payments for certain items for which materials had been received. As pay-

II—Reappropriations obtained unnecessarily or in excess of requirements—cont.

The grant was a lumpsum provision as a measure of accelerating food production. It was not possible to apportion the amount among several sub-heads. According to the breakup figures furnished by the Accountant-General for Works, Establishment and Tools and Plant, the total amounted to Rs. 85.9 lakhs. There was therefore not much variation.

An amount of Rs. 2,10,000 was provided by additional appropriation for paying the market value of the building of the Kerala Soap Institute, Kozhikode. The building was owned by the P.W.D. and necessary book adjustments had to be made by debiting the value to the Industries Department with Rs. 2,24,400. Since final orders of the Government in the matter were received late no adjustment could be made.

a corresponding credit to P.W.D. The value of the building was estimated to be Rs. 2,24,400. Since final orders of the Government in the matter were received late no adjustment could be made.

Grant XXXV—68. Construction of Irrigation, Navigation, Embankment and Drainage Works—Rs. 86,00,000. Saving of Rs. 11,00,095 on a final grant of Rs. 86,00,000.

Grant XXXVI—72. Capital Outlay on Industrial Developments—Rs. 2,50,000. Saving of Rs. 2,24,485 on a final appropriation of Rs. 2,50,000.

Investments in Government Commercial Undertakings—J. Kerala Soap Institute.

Grant XXXVII—81. Capital Outlay on Electricity Schemes—1. Hydro-Electricity Schemes (Including Post-war Reconstruction)—A. Pykara Hydro-Electric Scheme—d. Suspense—1. London Stores.

(2) B. Metallurgical Hydro-Electric Scheme—1. London Stores.

(1) 81-A. Capital Outlay on Electricity Schemes—1. Hydro-Electricity Schemes (Including Post-war Reconstruction)—A. Pykara Hydro-Electric Scheme—d. Suspense—1. London Stores.

Reference to Audit Report and Appropriation Accounts, 1952-53.

Serial number.

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Defect brought to notice.

Explanation submitted to the Committee.

16 Pages 10 and 294, Paragraph 12 (2).

17 Pages 10 and 319, Paragraph 12 (2).

18 Pages 10, 342, 343, 347 and 348, Paragraph (12) 2.

Grant XXXVIII—

(1) 81-A. Capital Outlay on Electricity Schemes—1. Hydro-Electricity Schemes (Including Post-war Reconstruction)—A. Pykara Hydro-Electric Scheme—d. Suspense—1. London Stores.

Saving of Rs. 1,13,186 on a final appropriation of Rs. 1,24,300.

Saving of Rs. 1,02,892 on a final appropriation of Rs. 1,20,900.

ments were not made by the High Commissioner as per his forecast, and as certain debits did not materialise, the savings occurred.

Due to conversion of larger number of subsidy loans towards the end of the year not foreseen Rs. 36,16,000.

and provided for.

Due to excess expenditure on account of the payments made during the year towards arrears salaries, T.A., etc., not anticipated and provided for.

Mainly due to heavy payments during the closing months of the year not anticipated for want of particulars pending reconciliation of the departmental and treasury figures and consequent delay in the issue of reconciliation certificates by the District Magistrates.

Consent on the reclassification of the Ponnai River Canals System from the productive category to unproductive category with effect from 1952-53 the provision for the system under "XVII. b. Maintenance and Repairs" had to be surrendered. As the repair works to the Krishna Aicut consequent on major breaches at that time were in full swing the exact requirements could not be accurately foreseen. The additional appropriation asked for was not sanctioned by Government. Hence the excess which is only about 37 per cent.

(3) A. Pykara Hydro-Electric Saving of Rs. 1,70,142 on a final appropriation of Rs. 4,17,400.

(4) B. Mettur Hydro-Electric Saving of Rs. 5,55,376 on a final appropriation of Rs. 12,08,000.

III—Injudicious appropriations and surrenders causing excesses over allotments.

19 Pages 10 and 74, Paragraph 12 (3).

Grant XI—25. General Administration and District Administration—C. Grant for Stinking of Wells for Grow More Food.

Administrative Charges—Expenditure on Special Staff Employed in connection with the Wells Scheme.

Excess of Rs. 20,817 on a final appropriation of Rs. 79,800.

Grant XII—Administration of Justice—27. Administration of Justice—b. Criminal Courts—F. Rs. 2,14,600.

Compensations to Local Bodies, Forest Panchayats and Others in lieu of Magisterial Fines.

Grant XVII—b. Irrigation, Navigation, Embankment and Drainage Works for which Capital Accounts are kept—Working Expenses—Irrigation Works—Productive Works—b. Rs. 1,11,82,710.

Maintenance and Repairs.

[11th August 1956]

Explanation submitted to the Committee.

Defect brought to notice.

Head of Account.

Reference to Audit
Report and Appropriation
Accounts, 1952-53.Serial
number.

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III—*Indiscriminate reappropriations and surrenders causing excesses over allotments—cont.*

The reasons for the variations are as follows:—
Having regard to the fact that it will not be reasonable to charge a full year's interest on the capital outlay spread over all the months of the year, interest is calculated on the cumulative capital outlay at the beginning of the year and half the capital outlay during the year at the prescribed rates. On this basis, the final appropriation for 1952-53 should have comprised of the following:—

- (1) Interest on capital outlay adjusted in the accounts of 1951-52.
(2) Interest on half the capital outlay in 1951-52 not taken into account in item (1) above.
(3) Interest on half the capital outlay in 1952-53.

Due to misapprehension that the provision for item (2) was already included in item (1) above, the final appropriation was calculated for items (1) and (3) only. Such a thing happened in 1951-52, also and the matter has already been fully discussed by the Public Accounts Committee. The correct procedure is being followed in the subsequent years. This is only an internal adjustment in the Government Accounts. While the final appropriation was based on the estimated outlay in the year, the adjustment was with reference to the actual outlay. This has also contributed to the variation.

Grant XXVIII—52. Interest on Excess of Rs. 13,06,462 on Capital Outlay on Electricity Schemes—I. Hydro-Electricity Schemes—(ii) Post-war Reconstruction— <i>a. Pykara Hydro-Electric Scheme—I. Mayor Scheme—1. (Charged).</i>	4. Pollachi Scheme (Charged)	.. Saving of Rs. 12,02,738 on a final appropriation of Rs. 12,16,300.	d. Machkund Hydro-Electric Scheme (Charged).	Excess of Rs. 5,93,054 on a final appropriation of Rs. 20,97,800.
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Outlay on Electricity Schemes—I. Hydro-Electric Schemes (Excluding Post-war Reconstruction)—C. Papanasan Hydro Thermal Scheme—d. Suspense—I. London

Rs. (—) 2,25,500.

Capital Excess of Rs. 8,07,980 on a final appropriation of

The provision under this head was as per High Commissioner's forecast. The actuals as per departmental books under this head are Rs. (—) 1,04,965 only. The actuals under other Suspense Accounts 1 (d) (2) are Rs. 33,23,006 as per Accountant-General's

22 Pages 10, 11, 260
and 262, Paragraph
12 (3).

23 Pages 11 and 346,
Paragraph 12 (3).

books and Rs. 35,70,451 as per departmental books. If the Accountant-General's figures under the heads "London Stores" and "Other departmental accounts" are taken together, it will be seen that the totals as per Accountant-General's books and the departmental accounts agree. With reference to the departmental figure, the net variation to be explained will be only Rs. 60,535 (Rs. 2,25,600 — Rs. 1,64,965). This is mainly due to payment having been made to the extent of Rs. 16,624 over and above the forecast of the High Commissioner and less credits on account of non-receipt of materials to the extent of Rs. 43,911.

Excess of Rs. 90,09,814 on Capital Outlay on Schemes of State Trading—
Grain Supply Schemes—B. Rice—
2. Suspense (Personal Deposit).
As a sum of Rs. 68,47,400 under this head was expected to become surplus to requirements it was surrendered. The excess was due to—
(1) remittance in transit in March 1953 and brought to account by District Supply Officer in the next year;
(2) non-adjustment of advances made at the end of the year.

Excess of Rs. 2,25,950 on a final appropriation of Rs. 8,05,900.
Loans to Municipalities, Port Funds, etc.—
a. Loans to Municipalities—A. Loans for the Construction of Roads, Bridges, Markets and Buildings, Electric Lighting, etc., sanctioned by the Local Administration Department.
ment.

IV—Cases of non-surrender of savings.

Saving of Rs. 1,10,364 on Due to the slow progress in the execution of a final appropriation of works.
Rs. 1,60,000.

Water Supply—I. Estimates for the Board of Revenue—Expenditure on the Development of Rural Water Supply—(ii) Scheduled Areas—Works.

24 Pages 11 and 374, Paragraph 12 (3).

25 Pages 11 and 420, Paragraph 12 (3).

26 Pages 11 and 123, Paragraph 12 (4).

Grant XVII—Public Health—
39. Public Health—e. Works—
B. Post-war Reconstruction—Rural Water Supply—I. Estimates for the Board of Revenue—Expenditure on the Development of Rural Water Supply—(ii) Scheduled Areas—Works.

11th August 1956]

[11th August 1956]

Explanation submitted to the Committee.

Defect brought to notice.

Head of Account.

Reference to Audit
Report and Appropriation
Accounts, 1952-53.Serial
number.

(2)

(3)

(4)

(5)

IV—Cases of non-surrender of savings—cont.

Grant XVII—40. Agriculture—
d. Agricultural Demonstration and
Propaganda including Public
Exhibition and Fairs—1. Ordinary
Areas—(i) Including Post-war
Reconstruction—3. Purchase and
Distribution of Seeds, Manures, etc.
Grant XXI—Industries—43. Indus-
tries and Supplies—a. Industries
—N. Post-war Reconstruction—
(viii) Intensive Khadi Scheme—
Rs. 36,95,500.
Saving of Rs. 1,12,451 on
a final appropriation of
Rs. 8,06,100.

Due to adverse market conditions, cotton seeds
could not be procured as expected and hence
the saving.

27 Pages 11 and 127,
Paragraph 12 (4).

Grant XXIX—54. Farmine—A.
Farmine Relief—b. Relief Works—
a final appropriation of
Rs. 18,50,900.
Saving of Rs. 5,78,934 on
a final appropriation of
Rs. 18,50,900.

29 Pages 11 and 267,
Paragraph 12 (4).

30 Pages 11 and 277,
Paragraph 12 (4).

Grant XXXII—57. Miscellaneous—
f. Contributions—F. Technical and
Vocational Training for ex-service-
men.
Rs. 4,68,400.
Saving of Rs. 1,94,734 on
a final appropriation of
Rs. 4,68,400.

The savings under this sub-head were due to the
curtailment of production of stocks of Khadi in
heavy accumulation of stocks of Khadi in
Khadi centres. Consequent on the heavy
accumulation of stocks of yarn in the
Intensive Khadi Centres, instructions were
issued on 30th January 1953 that the expen-
diture on the purchase of yarn, which forms
the major items of expenditure under this
head, should be curtailed. The savings were
mainly due to the above reason and could not
be anticipated.

Mainly due to wrong classification. Certain
items of expenditure under the sub-head
"b. 2. Irrigation Works", was wrongly
debited to "b. 3. Other Works" or "18.
Minor Irrigation Works".

Mainly due to erroneous provision of
Rs. 2,00,700 proposed under this sub-head in
addition to the provision of Rs. 2,04,600
under the head "47. Miscellaneous—a.
Labour—III. Commissioner of Labour—
A. Direction—b. Charges Payable to Other
Governments, Departments, etc.," to which
the expenditure is correctly debitable.
Necessary action has since been taken to
guard against a recurrence of such double
provision in future.

11th August 1956]

Grant XLI—85-A. Capital Outlay on Saving of Rs. 6,92,733 on a final appropriation of Rs. (—) 1,20,52,900.

Due to non-receipt of debits from an Accounts office and large sale proceeds.

Due to adjustments made in March 1953 certain outstanding items which arose as a result of omission of credits in the departmental accounts from 1949-50 to 1952-53. The extent of the adjustment that could be carried out in the departmental accounts as a result of the reconciliation, could not be anticipated at the time of submission of proposals for final grant. Hence this variation.

V—Cases of unremitted or uncovered excesses.

Grant XLI—85-A. Capital Outlay on Saving of Rs. 1,40,389 on a final appropriation of Rs. 2,000.

Supply Schemes—C. Wheat and Wheat Products—2. Suspense (Personal Deposit).

Paragraph 12 (4).

31 Pages 11 and 374,
32 Pages 11 and 376,
Paragraph 12 (4).

Grant XLI—85-A. Capital Outlay on Saving of Rs. 1,40,389 on a final appropriation of Rs. 2,000.

Schemes of State Trading—C. Other Miscellaneous Schemes—D. Purchase and Distribution of Paddy and Other Seeds—2. Suspense (Personal Deposits).

Paragraph 12 (5).

33 Pages 11 and 53,
34 Pages 11 and 70,
Paragraph 12 (5).

Grant VIII—Irrigation—18. Other Revenue Expenditure financed from Ordinary Revenue—Irrigation Works—Works for which no Capital Accounts are kept—Minor Irrigation—Revenue Department—b. Maintenance and Repairs—B. Scheduled areas.

Excess of Rs. 1,92,157 on a final appropriation of Rs. 1,02,300.

Expenditure wrongly classified under this head instead of under "g. A." not pointed out in time by the Departmental Officer for rectification.

Due to the payment of Dearness Allowance to the following additional village establishments sanctioned in 1952-53 over and above the strength of 1951-52:—
Munsifs and Headmen, 128.
Karnams, 39.
Vettis, 286.
Though the excess expenditure appears to be large (Rs. 1.42 lakhs) it is only 2½ per cent of the final appropriation.

Grant XI—25. General Administration—District Administration and Miscellaneous—w. Other Establishments—B. Ryotwari Village Service—1. Ordinary Areas—2. Allowances.

[11th August 1956]

Explanation submitted to the Committee.

(5)

V—Cases of *unimmediated or uncovered excesses*—cont.

Defect brought to notice.

(4)

Excess of Rs. 9,74,869 on a final appropriation of Rs. 28,15,000.

The excess under this sub-head was mainly due to wrong classification of expenditure in the Intensive Khadi centres between the sub-heads of account as explained against 'Other Charges'.

There was a saving of Rs. 1,05,386 under the detailed head, viz., grant towards half cost of acquisition of house sites for Adi-Dravidas under the same head. If expenditure on both the detailed sub-heads is taken together there is no considerable excess expenditure.

The minor head 'Suspense' is not a final head of account. It relates to interim transactions in respect of which further action in the form of payment or adjustments of values is necessary before they can be considered complete. The excess is mainly due to debit advice received from the High Commissioner, London, for machinery supplied by him and adjustment of debits in supplementary accounts not anticipated.

Out of the excess of Rs. 2,43,764 a sum of Rs. 1,01,389 relates to the divisions now in Andhra State and the balance of Rs. 1,42,375 of the excess is due to certain adjustments not anticipated.

Reference to Audit Report and Appropriation Accounts, 1952-53.

(1)
Serial number.

(2)

35 Pages 11 and 102, Paragraph 12 (5).

Grant XV—Education—37, Pduca-tion—C. Primary—1. Grant to Local Bodies—1. Ordinary Areas—2. Rs. 28,15,000.

Grant XXI—Industries—43. Industries and Supplies—a. Industries—N. Post-war Reconstruction—(viii) Intensive Khadi Scheme—4. Con-tingen-cies.

36 Pages 12 and 155, Paragraph 12 (5).

Grant XXIII—47. Miscellaneous Departments—Harijan Welfare Communities eligible for help by the Harijan Welfare Department—Public Health—1. Construction and Repair of Wells, Pathways, etc.

38 Pages 12 and 174, Paragraph 12 (5).

Grant XXV—50. Civil Works—h. Suspense—H. Other Suspense Account—Public Works Depart-ment.

39 Pages 12 and 235, Paragraph 12 (5).

Grant XXVI—50. Civil Works—Establishment and Tools and Plant—1. Tools and Plant—Highways Department—A. Excluding Post-war Reconstruction—2. Repairs and Carriage—1. Ordinary Areas.

Excess of Rs. 2,43,764 on a final appropriation of Rs. 36,23,900.

40 Pages 12 and 270, Paragraph 12 (5).
Grant XXX—Pensions—55. Superannuation Allowances and Pensions—b. Deduct Pensionary Charges Transferred to Commercial Departments—e. 81-A. Capital Outlay on Hydro-Electric Schemes.

Grant XXX—Pensions—55-A. Superannuation Allowances and Pensions—b. Deduct Pensionary Charges Transferred to Commercial Departments—e. 81-A. Capital Outlay on Hydro-Electric Schemes.

Do.

Saving of Rs. 1,96,161 on Due to recoveries from other Governments being less than anticipated.

Grant XXX—Pensions—55-A. Superannuation Allowances and Pensions—b. Deduct Pensionary Charges Transferred to Commercial Departments—e. 81-A. Capital Outlay on Hydro-Electric Schemes.

42 Pages 12 and 271, Paragraph 12 (5).

Grant XXXI—66. Stationery and Printing—I Stationery—e. Stationery Office—E. Packing and Carriage of Stationery.

43 Pages 12 and 295, Paragraph 12 (5).

Grant XXXV—68. Construction of Irrigation, Navigation, Embankment and Drainage Works—Irrigation Works—Unproductive—Post-war Reconstruction—b. Malampuzha Project—J. Suspense.

44 Pages 12 and 296, Paragraph 12 (5).

68. Construction of Irrigation, Navigation, Embankment and Drainage Works—Irrigation Works—Unproductive—Post-war Reconstruction—7. Mammuthar Project.

45 Pages 12 and 297, Paragraph 12 (5).

68. Construction of Irrigation, Navigation, Embankment and Drainage Works—Navigation Works—Unproductive—Post-war Reconstruction—10. Lower Bhavani Project.

46 Pages 12 and 319, Paragraph 12 (5).

Grant XXXVI—82. Capital Account of the Works Outside the Revenue Account (Industries Department)—(1) Excluding Post-war Reconstruction—9. Original Works—A. Sink- ing of Artesian Wells—6. Other Charges.

Excess of Rs. 1,00,722 on a final appropriation of Rs. 92,800.

Mainly due to omission to make provision for adjustment of drilling expenses and due to mis-classification in the accounts.

Excess of Rs. 3,52,628 on a final appropriation of Rs. 14,12,500.

Due to adjustment of debts on account of cost of cement supplied by India Stores Department and Railway credit notes not anticipated and provided for.

Excess of Rs. 1,11,161 on a final appropriation of Rs. 5,20,000.

Due to acceptance of debts advised by the Public Works Workshops in March 1953 supplementary accounts for materials which were actually received after 1st April 1953.

Excess of Rs. 1,02,102 on a final appropriation of Rs. 5,75,600.

Due to adjustment of debts in respect of supplies from the India Stores Department and larger debts under purchases than anticipated.

Excess of Rs. 3,02,856 on a final appropriation of Rs. 80,000.

Due to the wrong inclusion of freight charges on account of paper consignments received from the various paper mills under this head of account.

[11th August 1956]

Explanation submitted to the Committee.

Defect brought to notice.

Head of Account.

Reference to Audit
Report and Appropriation
Accounts, 1952-53.

Serial
number.

(5)

(1)

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V—Cases of unremitted or uncovered excesses—cont.

Excess of Rs. 1,05,839 on an adjustment transferring Rs. 52,665 from London Stores to other Suspense Accounts made in IV Supplemental Accounts of 1952-53 has not been taken into account by the Accountant-General. Excluding this, the net variation to be explained would be as follows:—

Excess as above	Rs.
Less Credit in IV Supplemental Accounts	52,665
	53,274

This excess is due to the adjustment of certain payments relating to previous years in the Supplemental Accounts and also due to anticipated credit adjustments not having materialised.

Due to receipt of larger number of debit advices from the Accountant-General than anticipated. The debits had to be cleared in the year itself.

The provision was based on the actuals available at the time of framing the final revised estimates for 1952-53 in December 1952. As payments of subsidy in the closing months was heavier than anticipated there was an excess.

Non-utilization of provision for adjustment of outstanding items of previous years for want of particulars.

Excess of Rs. 1,05,839 on a final appropriation of Rs. 14,900.

Grant XXXVIII—81-A. Capital Outlay on Electricity Schemes—II. Thermo-Electric Schemes (Excluding Post-war Reconstruction)—D. Madras Thermal Scheme—d. Suspense—1. London Stores.

Excess of Rs. 1,78,080 on a final appropriation of Rs. 45,000.

Grant XXXIX—82-B. Capital Outlay on Road Transport Schemes Outside the Revenue Account—Passenger Bus Service—D. Susepense—1. Purchase.

Excess of Rs. 10,65,869 on a final appropriation of Rs. 2,27,13,800.

Grant XLI—85-A. Capital Outlay on Schemes of State Trading—Grain Supply Schemes—B. Rice—1. Cost of Purchase of Grain.

Excess of Rs. 18,79,141 on a final appropriation of Rs. (—) 33,400.

Grant XLI—85-A. Capital Outlay on Schemes of State Trading—Grain Supply Schemes—A. Common Suspense for Grain Supply Schemes.

47 Pages 12 and 356. Grant XXXVIII—81-A. Capital Outlay on Electricity Schemes—II. Thermo-Electric Schemes (Excluding Post-war Reconstruction)—D. Madras Thermal Scheme—d. Suspense—1. London Stores.

48 Pages 12 and 371. Grant XXXIX—82-B. Capital Outlay on Road Transport Schemes Outside the Revenue Account—Passenger Bus Service—D. Susepense—1. Purchase.

49 Pages 12 and 374. Grant XLI—85-A. Capital Outlay on Schemes of State Trading—Grain Supply Schemes—B. Rice—1. Cost of Purchase of Grain.

Do.

50

Due to heavy payments in a district in March 1955 on account of extra transport charges and losses.

Due to advances made to a State Government for supply of jowar at the close of the year. Credit expected from the Government of India having been received too-late for modifying the provision, etc.

Due to the adverse seasonal conditions in the Composite State, there was heavy demand for loans. The excess expenditure was met from the appropriation under the head "Loans under the Land Improvement Loans and Agricultural Loans Act."

Rs. 9,00,900.

Excesses of Rs. 1,47,447 on a final appropriation of

Rs. 82,13,600.

Excesses of Rs. 37,62,785 on a final appropriation of

Grant XLI—85-A. Capital Outlay on Schemes of State Trading—
a. Grain Supply Schemes—D. Other
Grains—1. Cost of purchase of

Grain.

Do.

51

Schemes of State Trading—
a. Grain Supply Schemes—D. Other
Grains—2. Subsidy (Personal
Deposits).

53 Pages 12 and 420, Paragraph 12 (5).

Grant XLII—Loans and Advances by State Government—d. Advances to Cultivators—F. Loans under the special rules for pumping installations.

Rs. 6,13,000.

Excesses of Rs. 1,96,570 on a final appropriation of

VI—Other Items.

Loss of Rs. 1,200, due to

1. Loss in revenue of non-recovery of rent.

The sum of Rs. 1,200 has been recovered subsequently.

The Solvency certificate submitted by a tenderer who made the highest offer was not correct. He was rejected and the next highest tender was accepted. The loss was therefore written off by Government. Instructions have been issued to the effect that solvency certificates issued by Tahsildars or Deputy Tahsildars only should be accepted at the time of sale.

2. Loss of Rs. 2,006 being the balance of arrears lease amount after adjusting the security deposit of Rs. 300 in respect of the lease of a coupe.

Loss of revenue Rs. 4,477 on removal of auctioning of cardamoms.

Amount not recovered from the lessee. The solvency certificate issued by the Magistrate was not correct.

The right to collect and remove cardamoms was auctioned and the highest bidder was for Rs. 6,577. The lessee who paid the earnest money and produced a solvency certificate did not pay the bid amount. A resale was conducted and the bid amount was less by Rs. 4,777. The net loss was Rs. 4,477 and it could not be recovered.

56 Pages 16 and 44, Grant IV—Forests, Paragraph 19 (4).

suspended.

[11th August 1956]

Explanation submitted to the Committee.

Defect brought to notice.

Head of Account.

Reference to Audit
Report and Appropriation
Accounts, 1952-58.Serial
number.

(2)

(3)

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67 Pages 16 and 44, Paragraph 19 (4).

58 Pages 16 and 136, Paragraph 19.

59 Pages 17 and 236, Paragraph 19.

70 Pages 386-388, Para.

Grant IV—Forests Loss of Rs. 15,936-8-0. The district Forest Officer, Salem South notified the sale of certain fuel coupes in public auction at Salem on 4th March 1946. The bids for certain coupes were not satisfactory and hence fresh tenders were called for. There was a second sale. Instead of enforcing the terms of agreement certain traders were given the option of reselling from the contract and were allowed the refund of their earnest-money deposit. As a result of this second sale there was a loss of Rs. 15,936-8-0 which was waived by Government.

The amount of Rs. 4,688 represents the cost of indigo seeds left unsold, as its germination capacity was poor and the season was unfavourable. The amount was written off by the Government.

Due to non-recovery of the share of Tellicherry Municipality towards the cost of constructing a protective wall along the sea coast in that

1. Though the production in the Beypore Coir Factory was stopped from 31st August 1952, up to 31st December 1952. A skeleton staff had to be continued up to 31st December 1952 to look after the work connected with the winding up of the transactions of the factory, disposal of goods, closing of accounts, etc.

2. There was a loss of Rs. 3,214 due to the revision of price of coir goods consequent to the steep fall in price of coir and coir goods in the market.

3. The Superintendent and the Senior Assistant Inspector who were in charge of the coir factory were placed under suspension for the various irregularities and shortages noticed. The Superintendent was subsequently removed from Public Service. Action against the Senior Inspector is being pursued.

VI—Other Items—cont.

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As per the recommendations of the Committee for taking suitable action against the defaulting officers. In view of these instructions issued in May 1954 the Accountant-General has also been asked to bring to the notice of the Government individual cases of bad delays responsible for any avoidable delay. The disciplinary action against the officers that they will be constrained to take severe Chief Controlling Officers.

the accounts of the year are closed.

62 Page 18, Paragraph Local Audit and Inspection .. Irregularities pointed out by the Audit.

The accounts of the General Road Traffic Board (now State Transport Authority) for the year 1952-53 were test-audited by Accountant-General's Office Staff on 11th and 12th January 1954. The defects pointed out by the Accountant-General were rectified and a final report was sent to him on 11th March 1955.

Chief Engineers are taking necessary steps to clear off outstanding objections by paying special attention on this item of work.

Items of objections raised upto end of 1952-53 and outstanding on 30th November 1955 in Public Works Department.

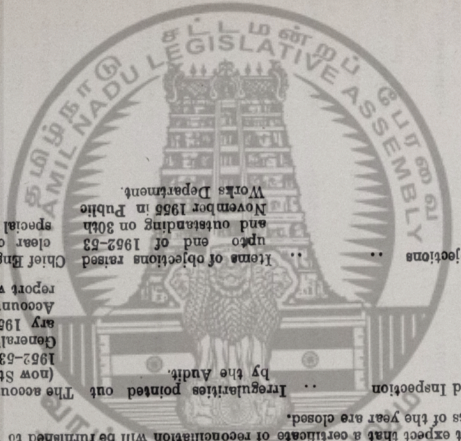
61 Pages 11 and 22, Paragraph 28.

Grant Nos. I to XXXVII ..

Non-receipt of reconciliation certificates from the ..

63 Pages 21-22, Para. Clearance of objections ..

Paragraph 27.



11th August 1956

APPENDIX B.

(Vide paragraph 15 of the Report.)

NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE.

[Paragraphs 8 and 9 on pages 7 and 8 of the Appropriation Accounts for 1952-53 and the Audit Report, 1954.]

[SUBJECT.—Appropriation Accounts of the State of Madras for 1952-53—Expenditure in excess of final appropriation under certain grants—Regularization.]

The Accountant-General, Madras, has reported that the following excesses over voted grants and charged appropriations occurred in the year 1952-53:—

Serial number.	Number and name of grant.	Final grant.	Expenditure.	Excess.	Percent- age of excess.
(1)	(2)	(3) RS.	(4) RS.	(5) RS.	(6)
<i>A. Voted Grants.</i>					
1 II. State Duties.	Excise	80,20,800	80,46,963	26,163	0.3
2 X. State Legislature.		32,22,800	34,36,607	2,13,807	6.6
3 XI. District Administration and Miscellaneous.		6,04,27,900	6,09,16,721	4,88,821	0.8
4 XII. Administration of Justice.		1,60,96,000	1,64,52,209	3,56,209	2.2
5 XIII. Jails ..	..	1,43,86,100	1,44,58,035	71,935	0.5
6 XVI. Medical ..	..	3,71,93,100	3,80,33,356	8,40,256	2.3
7 XXV. Civil Works—Works.		5,93,38,100	6,19,45,863	26,07,763	4.4
8 XXVII. Civil Works—Grants-in-aid.		1,55,82,100	1,58,43,361	2,61,261	1.7
9 XXVIII. Electricity.		4,03,36,100	4,17,96,683	14,60,583	3.6
10 XXX. Pensions ..	..	2,17,33,400	2,22,98,705	5,65,305	2.6
11 XXXIII. Road Transport Schemes.		1,11,28,500	1,16,48,040	5,19,540	4.7
12 XXXIX. Capital Outlay on Road Transport Schemes.		7,45,400	10,36,851	2,91,451	39.1
13 XLI. Capital Outlay on Schemes of State Trading.		8,95,04,700	10,56,05,611	1,61,00,911	17.9

11th August 1956]

Serial number.	Number and name of grant.	Final grant.	Expenditure.	Excess.	Percentage of excess.
(1)	(2)	(3)	(4)	(5)	(6)
		RS.	RS.	RS.	
<i>B. Charged Appropriations.</i>					
1	IV. Forest	1,500	1,507	7	..
2	VI. Motor Vehicles Acts.	92,87,100	92,88,670	1,570	0.01
3	X. State Legislature.	48,200	50,706	2,506	5.2
4	XXI. Industries ..	2,16,900	2,50,771	33,871	15.6
5	XXII. Cinchona and Fisheries.	5,93,100	6,03,211	15,111	2.5
6	XXXII. Miscellaneous.	57,300	57,361	61	0.1
7	XXXIII. Road Transport Schemes.	3,85,100	3,88,897	3,797	1.0

The Annexure to this note explains the reasons for the excess expenditure in each case. According to Article 205 (1) of the Constitution of India, if any money has been spent on any service during a financial year in excess of the amount granted for that service and for that year, the Governor shall cause to be presented to the Legislative Assembly a demand for such excess. The procedure prescribed in regard to the presentation, etc., of the annual financial statement and demands for grants will apply to excess demands also. The Public Accounts Committee's recommendation is requested in regard to the presentation of demands to the Legislative Assembly to cover the excess expenditure during 1952-53.

ANNEXURE.

A. VOTED GRANTS.

(See paragraph 1 of the note.)

1. Grant II—State Excise Duties (Excess Rs. 26,163—Voted).—The percentage of excess to the final grant is 0.3 only and does not call for any special remarks.

2. Grant X—State Legislature (Excess Rs. 2,13,807—Voted).—The excess occurred mainly under the following Heads:—

(i) Elections—r. Other Elections—Charges—A. Elections—

RS.

1. Pay of Special Officers and Establishments ..	68,053
2. Allowances	1,61,664

The excess was due mainly to the fact that while submitting reports on the estimated expenditure for the three months from 1st January to 31st March 1953, most of the Collectors omitted a portion of the expenditure on the pay and allowances of the special staff sanctioned for the work connected with the annual revision of electoral rolls, 1952.

[11th August 1956]

As the final appropriation was based on the figures furnished by the Collectors and other officers concerned, the excess expenditure under this sub-head could not be anticipated in time and provided for.

3. *Grant XI—District Administration and Miscellaneous (Excess Rs. 4,88,821—Voted).*—The excess was due to the conversion of larger number of loans into subsidies towards the end of the year which could not be foreseen and provided for. The excess is only 0.8 per cent of the final appropriation and is negligible.

4. *Grant XII—Administration of Justice (Excess Rs. 3,56,209—Voted).*—The excess occurred mainly under the following sub-heads:—

	RS.
(i) 27. Administration of Justice—b. Law Officers —C. Allowances and Honoraria.	59,740
(ii) 27. Administration of Justice—h. Criminal Courts—E. Contingencies.	53,404
(iii) 27. Administration of Justice—h. Criminal Courts—F. Compensation to Local Bodies and others in lieu of Magisterial fines.	1,48,270

Item (i).—The original appropriation was Rs. 4,24,200. A supplementary appropriation of Rs. 98,200 and a re-appropriation of Rs. 16,000 were obtained raising the final appropriation to Rs. 5,38,400. But, due to additional expenditure on account of fees to the Advocate-General and to Pleaders not in Government service in cases where the Government was a party, the actual expenditure worked up to Rs. 5,98,140 resulting in an excess of Rs. 59,740 which could not be anticipated and provided for.

Item (ii).—The excess expenditure was mainly due to sanction of temporary additional courts, payments of travelling allowance and diet and road money to Prosecutors and witnesses which could not be correctly estimated and provided for.

Item (iii).—The excess was due to heavy payments during the closing months of the year which could not be anticipated for want of particulars pending reconciliation of the departmental and treasury figures and consequent delay in the issue of reconciliation certificates by the District Magistrates.

5. *Grant XIII.—Jails (Excess Rs. 71,935—Voted).*—The percentage of excess to the final grant is 0.5 only and does not call for any special remarks.

6. *Grant XVI.—Medical (Excess Rs. 8,40,256—Voted).*—The excess occurred mainly under the following sub-head:—

	RS.
38. Medical—b. Hospitals and Dispensaries—B. Mufassal Hospitals and Dispensaries—I. Ordinary areas—7. Medicines and Hospital necessities.	8,18,080

The excess was due to the increase in the number of patients treated in Government Hospitals and also to the omission to provide funds for packing and transit charges for stores indented for. Heavy payments towards stores supplied by the Medical Stores Department received towards the end of the year which was not anticipated also contributed to the excess expenditure.

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Though a supplementary grant of Rs. 15,46,700 was obtained in March 1953, the actual expenditure was much larger and this could not be foreseen.

7. *Grant XXV—Civil Works—Works (Excess Rs. 26,07,763—Voted).*—The excess was due to less recovery than anticipated from the Government of India on account of National Highways and increased expenditure on other road works than anticipated.

8. *Grant XXVII—Civil Works—Grants-in-aid (Excess Rs. 2,61,261—Voted).*—The excess occurred mainly under “50. Civil Works—g. Grants-in-aid—(ii) Post-war Reconstruction—G. Grants to Local Bodies for new road works”—3,49,550.

A provision of Rs. 40,00,000 was made under this head in the Budget Estimates. A sum of Rs. 34,94,950 was distributed to district boards and the Chittoor Municipal Council towards the expenditure on the normal programme of Post-war Road Development Works. The adverse seasonal conditions caused by the failure of the monsoon necessitated the sanctioning of additional grants to some of the district boards which were asked to take up works for providing relief to unemployed agricultural labourers. To meet the requirements, an additional amount of Rs. 11,00,000 by re-appropriation was provided. A token supplementary grant was also obtained. The final grant was thus fixed at Rs. 51,00,000. But the actual expenditure was even larger (Rs. 54,49,650), resulting in an excess of Rs. 3,49,550 which was unexpected and could not be provided for.

9. *Grant XXVIII—Electricity (Excess Rs. 14,60,583—Voted).*—The excess occurred mainly under—

	RS.
(i) XLI. Receipts from Electricity Schemes—Working Expenses—II. Thermo-Electric Schemes—B. Vijayavada Scheme—g. Suspense—Other Suspense Accounts.	4,56,905
(ii) XLI. Receipts from Electricity Schemes—Working Expenses—II. Thermo-Electric Schemes—E. Madras Scheme—g. Suspense—Other Suspense Accounts.	10,05,078

The excesses were due to increase under billing suspense and miscellaneous Public Works advances, which were not anticipated and hence not provided for. The excess is only 3.6 per cent of the final appropriation of Rs. 403.4 lakhs.

10. *Grant XXX—Pensions (Excess Rs. 5,65,305—Voted).*—The excess was due to larger expenditure than anticipated on payment of pensions to Madras Government pensioners and also to larger number of commutations than anticipated.

11. *Grant XXXIII—Road Transport Schemes (Excess Rs. 5,19,540—Voted).*—The excess occurred mainly under—

	RS.
(i) XLVI-A. Receipts from Road Transport Schemes—Working Expenses—b. Operation—A. Bus Service—	
(a) 7. Petrol, diesel oil and other fuels	.. 1,15,604

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RS.

(b) 9. Repairs and servicing including spare parts, accessories and lubricants. 1,80,409

(c) 11. Other charges 1,09,326

(ii) XLVI-A. Receipts from Road Transport Schemes 1,37,462
 —Working Expenses—b. Operation—D.
 Depreciation Reserve Fund—1. Provision for
 depreciation for transfer to the Depreciation
 Reserve Fund.

Item (i)—(a), (b) and (c).—The increase in expenditure was due to the increase in the price of petrol, diesel oil and other fuels and under other charges. There was also larger expenditure on repairs and on servicing of buses due to the bulk of the fleet being over-aged. This could not be correctly gauged and provided for.

Item (ii).—The original appropriation under this sub-head was Rs. 11,74,000. But due to an underestimation of the contributions payable for the year, a sum of Rs. 6,56,700 was surrendered, reducing the final grant to Rs. 5,17,300. This resulted in an excess expenditure of Rs. 1,37,462.

12. Grant XXXIX—Capital Outlay on Road Transport Schemes (Excess Rs. 2,91,451—Voted).—The excess occurred mainly under—

RS.

82. B. Capital Outlay on Road Transport Schemes
 outside the Revenue Account—a. Passenger
 Bus Service—D. Suspense—

1. Purchase 1,78,080
 2. Miscellaneous Advances 2,47,432

The excess was due to larger debits than anticipated in respect of supplies made by the Supplies Department and debits for the value of supplies and services rendered to other Governments, departments, etc., not having been raised during the year due to non-receipt of bills duly accepted by the departmental officers before the close of the year.

13. Grant XLI—Capital Outlay on Schemes of State Trading (Excess Rs. 1,61,00,911—Voted).—The excess occurred mainly under—

RS.

(i) 85-A. Capital Outlay on Schemes of State Trading—a. Grain Supply Schemes—A. Common suspense for grain supply schemes. 18,79,141
 (ii) 85-A. Capital Outlay on Schemes of State Trading—a. Grain Supply Schemes—B. Rice—2. Suspense (Personal deposits). 90,09,314
 (iii) 85-A. Capital Outlay on Schemes of State Trading—a. Grain Supply Schemes—D. Other grains—2. Suspense (Personal deposits). 37,62,785
 (iv) 85-A. Capital Outlay on Schemes of State Trading—c. Other Miscellaneous Schemes—E. Purchase and distribution of manure—2. Suspense (Personal deposits). 50,75,128

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Item (i).—For want of particulars and pending finalization of correspondence in the matter, outstanding items of previous year could not be adjusted in the year, as anticipated. Likewise, for want of particulars, some debits and credits relating to 1952-53 also could not be adjusted. These contributed to the excess expenditure under this sub-head.

Item (ii).—The excess was due to the fact that the remittances from out of the Personal Deposit Account of the Commissioner of Civil Supplies made to District Supply Officers which were in transit on the last date of March 1953 were brought to account by the latter in their accounts for April 1953 (Rs. 57.01 lakhs). Besides due to non-movement of the entire stocks of rice before the end of the year, a sum of Rs. 33 lakhs advanced to certain State Governments towards the close of the year could not be adjusted. This also contributed to the increase in the expenditure.

Item (iii).—The excess was due to unanticipated advances made to a State Government towards the close of the year for the purchase of jowar; non-receipt of the credit expected from the Union Government for supply of milo during the year and non-realization of the subsidy anticipated from the Union Government.

Item (iv).—The excess was due to the raising of debit by the Government of India in the year towards the value of chemical fertilizers supplied by them. This was not anticipated and hence could not be provided for.

B. CHARGED APPROPRIATIONS.

(See paragraph 1 of the note.)

The excesses under items 1, 2, 3, 5, 6 and 7 are small and do not call for any special remarks.

14. *Grant XXI—Industries*—(Excess Rs. 33,871—Charged).—The excess was mainly due to the cumulative Capital Outlay on which interest is charged being larger than estimated.

APPENDIX C.

(Vide paragraph 33 of the Report.)

NOTE FOR THE PUBLIC ACCOUNTS COMMITTEE.

Criteria for treating schemes of new expenditure as “ New Services ”.

The Government often find it necessary to introduce in the course of a year schemes of new expenditure, i.e., schemes which have not been provided for in the budget of the year. Some of the schemes have to be treated as “ New Services ” requiring the prior approval of the Legislature, while in the case of other schemes, expenditure can be incurred within the funds already provided by the Legislature under the demand concerned.

The Madras Public Accounts Committee has fixed certain criteria for treating new schemes as “ New Services ”—See *Annexure I*. These criteria are in force with effect from the 1st April 1950. The Accountant-General, Madras, has now pointed out that the working of the existing rules has given rise to some difficulties in interpretation and has suggested that they may be clarified on the lines indicated by him—See *his note in Annexure II*.

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The Government are in general agreement with the suggestions of the Accountant-General and accordingly propose that the existing criteria for treating schemes as "New Services" may be modified as shown below:—

Item of expenditure.	When to be treated as a "New Service"	
	Under the existing rules.	As proposed.
(1)	(2)	(3)
(1) Employment of additional staff for re-organization of an existing administrative unit such as the bifurcation of a Revenue or a Police district or the creation of a new administrative unit, e.g., a new P.W. Circle.	When the cost involved exceeds Rs. 30,000 per annum. <i>Note.</i> —Employment of additional staff for normal increase of work in connection with an existing service or for a purely temporary need in Government Departments need not be treated as a "New Service".	If the extra expenditure on the expansion of an existing service exceeds Rs. 30,000 recurring per annum or Rs. 1 lakh non-recurring, taking the scheme as a whole (i.e., cost of establishment, buildings, equipment, other amenities, etc.) the scheme should be brought specifically to the notice of the Legislature.
(3) Works	When the cost of a new work exceeds Rs. 2 lakhs in the case of Electricity Schemes for extensions and improvements and Rs. 1 lakh in other cases.	As in column (2) except that expenditure on works relating to new schemes which also involve expenditure on staff, equipment, etc., the cost of the scheme as a whole should be taken into account and dealt with as in item (1).
(5) Purchase of additional machinery, etc.	When the cost exceeds Rs. 1 lakh.	

As suggested by the Accountant-General, examples to show how the new rule will work in practice will be embodied in the instructions to be issued by the Government. The main point is that employment of additional staff costing more than Rs. 30,000 per annum should be treated as a "New Service", when it involves the adoption of a new policy by the Government, i.e., the sanction or increase of the cadres of services or number of posts of a particular kind (either permanently or as a temporary measure) and that only when the expenditure is not likely to extend beyond a single financial year, it should be treated as arising out of a temporary need not requiring to be brought to the notice of the Legislature specifically.

2. The Public Accounts Committee is requested to indicate whether the existing procedure may be revised as indicated above.

T. A. VARGHESE,
Secretary to Government.

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ANNEXURE I.

Instructions issued by the Government of Madras in 1950 in regard to new service schemes.

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GENERAL INSTRUCTIONS.

(i) The Government will not be prepared to sanction a "New Service" scheme for introduction in the course of a financial year, unless it satisfies one of the following criteria:—

(a) It is so essential that delay in sanctioning it is likely to cause a breakdown in the machinery of administration.

(b) It is highly remunerative.

(c) It relates to additional staff required very urgently for a project (i.e., large construction work) already sanctioned.

(d) Delay in sanctioning it is likely to cause permanent loss of revenue to the Government, e.g., cases of extension of supply of electric power to new industries, etc., that may utilize an alternative source of power.

(ii) The Madras Public Accounts Committee has fixed the following criteria for treating schemes as on "New Services" with effect from 1st April 1950:—

<i>Item of expenditure.</i>	<i>Monetary limit.</i>
(1)	(2)
1 Employment of additional staff for re-organization of an existing administrative unit such as the bifurcation of a Revenue or a Police district or the creation of a new administrative unit, e.g., a new Public Works Department Circle.	When the cost involved exceed Rs. 30,000 per annum.
2 Grants and contributions for existing purposes.	When the amount involved exceeds Rs. 12,500 recurring and Rs. 50,000 non-recurring.
3 Works	When the cost of a new work exceeds Rs. 2 lakhs in the case of Electricity Schemes for extensions and improvements and Rs. 1 lakh in other cases.
4 Establishments and Committees for new objects and purposes.	When the expenditure is estimated to exceed Rs. 10,000 recurring and Rs. 30,000 non-recurring.
5 Purchase of additional machinery, etc.	When the cost exceeds Rs. 1 lakh.
6 Expenditure to be met from the lump-sum provision made in the budget for Irrigation and Electricity Schemes.	Irrigation schemes costing more than Rs. 1 lakh and electricity distribution schemes costing more than Rs. 3 lakhs, if the schemes are to be financed from the lump-sum provision made in the budget.
7 Revision of scales of pay ..	When the revision of a scale or scales of pay involves an extra cost of over Rs. 25,000 per annum.

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(iii) The Public Accounts Committee has also decided that the following schemes need not be treated as on "New Services" whatever be the cost involved:—

(1) Employment of additional staff for normal increase of work in connexion with an existing service or for a purely temporary need in Government departments, except in cases covered by item (1) in clause (ii) above.

(2) Cases already approved by the Legislature but where the expenditure is subsequently expected to exceed appreciably the amount originally intimated to the Legislature.

NOTE.—Information regarding large variations should be given in the Budget Memorandum. Full information should be furnished to the Finance (Budget General) Department by the Departments of the Secretariat in time for incorporation in the (Budget Memorandum).

(3) Experiments, investigations and demonstrations.

NOTE.—All expenditure of this character incurred each year without fruitful result should be reported to the Accountant-General for incorporation in the Appropriation Accounts, with suitable explanation for report to the Public Accounts Committee in due course. For this purpose, each department of the Secretariat should send a consolidated statement of such expenditure to the Finance Department every year by the 31st May. 'Nil' returns also should be sent to the Finance Department.

ANNEXURE II.

[Subject.—Note by the Accountant-General, Madras, dated 27th January 1956—Schemes of New Expenditure treated as on a "New Service" by the Madras Government.]

Will the Secretary to Government, Finance Department, kindly refer to the note, dated 6th December 1950, wherein the revised criteria for "New Services" have been laid down?—See Annexure I.

2. According to item (iii) (1) of Part IV of the instructions, all expenditure on employment of additional staff for normal increase of work in connexion with an existing service, or for a purely temporary need in Government departments, is not to be treated as "New Service", whatever be the cost involved. But in case of expenditure exceeding Rs. 30,000 per mensem on the employment of additional staff for reorganization of an existing administrative unit or the creation of a new administrative unit, the same is to be treated as "New Service". The working of this rule appears to give rise to certain difficulties in interpretation, as illustrated by the example below:—

3. In G.O. No. 1117, Education, dated 23rd June 1955, Government have sanctioned the opening, from the academic year 1955-56, of three Government Training Colleges at Pudukkottai, Vellore and Komarapalayam (one of the three colleges being a Women's College). A broad break-up of the amount of expenditure covered by the sanction is as below:—

RS.

(i) Establishment		42,000 per annum.
(ii) Buildings (construction of class rooms).		50,000 non-recurring.
(iii) Equipment and furniture		54,000 non-recurring.

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(i) *Establishment*.—According to the rulings cited in paragraph 2 above, the expenditure is to be treated as a “New Service”, if it is not considered as expenditure on additional staff for *normal* increase of work in connexion with an existing service, viz., running of Government colleges. It can, however, be argued (and this principle is accepted in other States) that the creation of new institutions like Colleges, Hospitals and Jails cannot be considered to be in response to the normal increase of work in Government departments. I personally feel that it will be risky to consider the creation of new institutions as arising out of “normal increase in Government work”, as in that case, almost any expenditure, however large, on fresh but additional institutions can be taken out of the “New Service” category.

(ii) *Buildings*.

(iii) *Equipment and furniture*.—Each of these items is within the limit of Rs. 1 lakh mentioned in items (ii) (3) and (ii) (5) of the Instructions and therefore does not constitute a “New Service”.

But, taking the scheme as a whole, which costs about Rs. 1.04 lakhs (non-recurring), it involves a substantial increase in expenditure on the existing service and therefore apparently constitutes a “New Instrument of Service”, which may require to be specifically brought to the notice of the Legislature with reference to item (ii) (1) of the Instructions.

4. In this connexion, I invite a reference to the Comptroller and Auditor-General's instructions issued in his memorandum on the working of the Public Accounts Committees in India—See Enclosure (2). It may be seen therefrom that distinction has been drawn between a “New form of Service” and a “New Instrument of Service”. While a new form of service is one of a new type where the Legislature has not voted expenditure of a similar nature in the past (e.g., a Homeopathic College or a Nuclear Research Institute), a new instrument of service is an extension of an existing type of service such as the provision of a new Jail or Hospital or the establishment of a new Government University. I suggest that if the extra expenditure on the expansion of the existing service is considerable and exceeds, say, Rs. 30,000 (recurring) per annum taking the scheme as a whole (which Rupees one lakh (non-recurring) covers cost of establishment, buildings, equipment and other amenities, etc.), and not cost of establishment alone, the scheme may have to be regarded as a “New Instrument of Service” to be brought specifically to the notice of the Legislature. If this is agreed to, the existing criterion laid down in paragraphs (ii) (1) read with paragraph (iii) (1) of the instructions will require suitable amplification. Examples to show how the rule will work in practice may also be incorporated somewhat on the following lines:—

1. *Extra expenditure on staff in particular establishment.*

If, owing to a reduction of work-load, the number of typists in all Government offices is increased or if an extra clerk is given for each Taluk office owing to the growth of Land Revenue work, the extra cost does not constitute a “New Service” or “New Instrument of Service”, as it is obviously the result of a normal growth of Government work.

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II. Introduction of new schemes.

If, however, on the introduction of a new scheme (e.g., Community Development Work), an additional Revenue Inspector or Accountant is given to each taluk, the expenditure involved will be one on "New Service" as the total annual cost would exceed rupees 30,000 and as it involves the adoption of a new policy of Government, i.e., the sanction or increase of the cadres of services or number of posts of a particular kind (either permanently or as a temporary measure).

5. Further, the expression "temporary need" used in connexion with item (iii) (1) of the instructions appears to be so elastic as to cover items of expenditure which may be sanctioned on a temporary basis from year to year without any limit of time. It would, therefore, appear expedient to so restrict the scope of this term as to exclude expenditure which is likely to extend beyond a single financial year.

6. I would suggest that the ideas outlined by me above may kindly be examined and the reactions of the Finance Department communicated to audit.

7. In this connexion, the undersigned may also furnish for the information of the Government, particulars of the monetary limits laid down by the Governments of Bombay, Madhya Pradesh and Orissa for classification of expenditure as a "New Service" and a "New Instrument of Service" (vide statement enclosed).

A. KALYANARAMAN,
Accountant-General.

ENCLOSURES.

(1)

Statement of limits for classification of New Schemes of expenditure.

Description.	Bombay.	Madhya Pradesh.	Orissa.
	RS.	RS.	
New Form of Service—			
Recurring	1,000 per annum.	5,000	Each item exceeding Rs. 5,000.
Non-recurring	10,000		
New Instrument of Service—			
Recurring	5,000 per annum.	in each case.	(Finance Department to be referred to in cases of doubt.)
Non-recurring	25,000		
New Major Works	20,000 (non-recurring)	Major works (costing Rs. 10,000 each).	..

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(2)

Extract from the Instructions of the Comptroller and Auditor-General of India.

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The question constantly arises in the Audit Offices under the control of the Auditor-General whether a particular expenditure has been incurred on a "New Service" not contemplated in the demand. It has, therefore, become necessary for the Auditor-General to communicate a working rule to be followed by his officers when such a question comes up for decision. That working rule has been explained somewhat as follows:—

A new service may be a new *form* of service or a new *instrument* of service. It is desirable to explain by a concrete illustration, the difference between these two. If in a province there is no Borstal Institution and one is inaugurated, that undoubtedly is a new *form* of service. In every province there are jails. If it is decided to build a new jail, this is *not* a new *form* of service, because jails already exist. It is however, a new *instrument* of service When expenditure is to be incurred on a new *form* of service, it should be held that the expenditure is to be incurred on a new service within the meaning of the Act. A new instrument of service, however, may be a new University in the province, or it may be an additional chowkidar. It is not practical politics to insist that an additional grant shall be obtained to meet expenditure of Rs. 60 per annum on a new chowkidar, when there are already thousands in existence. It is, however, obviously essential to obtain an additional grant, if the new instrument of service is to be of the importance of a University and to entail very considerable expenditure. Exactly where between these two extremes, the line of demarcation is to be drawn is a matter which must be settled by Case Law It is a very important function of the Public Accounts Committee to obtain by discussion with the Executive, a clear enunciation of the correct interpretation of this phrase (New Service) and also to draw the attention of the Legislature to the cases in which this rule imposed by Statute appears to have been violated by the Executive.

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